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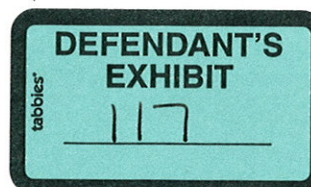
DORAL FINANCIAL CORPORATION REPORTS RECORD EARNINGS
FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2004.
THE 28th CONSECUTIVE QUARTER IT HAS ACHIEVED RECORD EARNINGS

San Juan, Puerto Rico, January 18, 2005 - Doral Financial Corporation (NYSE: DRI), a diversified financial holding company with banking operations in the United States and Puerto Rico and the largest residential mortgage lender in Puerto Rico, reported record results for the fourth quarter and year ended December 31, 2004, the 28th consecutive quarter it has achieved record earnings.

Net income for the fourth quarter of 2004 amounted to a record ~~\$144.2~~ million, compared to \$94.7 million for the fourth quarter of 2003, an increase of ~~22%~~. For the year ended December 31, 2004, Doral Financial earned a record ~~\$553.3~~ million, compared to \$321.3 million for the same period a year ago, an increase of ~~23%~~. For the fourth quarter of 2004, consolidated earnings per diluted share were ~~\$1.12~~, compared to \$0.76 for the fourth quarter of 2003, which represents an increase of ~~23%~~. For the year ended December 31, 2004, consolidated earnings per diluted share were ~~\$4.12~~, compared to \$2.70 for the same period of 2003, an increase of ~~23%~~. Consolidated earnings per diluted share results reflect the adoption of a new accounting pronouncement effective for all periods ending after December 15, 2004 and applied by retroactively restating previously reported earnings per share. This new accounting pronouncement resulted in the addition of 8.674 million shares of common stock to the fully diluted common stock share by assuming the conversion of the 1.38 million outstanding shares of the Company's contingently convertible preferred stock.

Base
 For the year ended December 31, 2004, Doral Financial achieved a return on assets (ROA) of ~~3.23%~~, compared to 3.46% a year ago and a return on common equity (ROE) of ~~32.33%~~, compared to 32.36% for the year ended December 31, 2003.

Net interest income for the fourth quarter of 2004 amounted to \$69.8 million, compared to \$57.4 million for the same period a year ago, an increase of 22%. For the year ended December 31, 2004, net interest income amounted to \$265.4 million, compared to \$181.5



million for the year ended December 31, 2003, an increase of 46%. The increase in net interest income resulted from higher net interest earning assets during the 2004 periods.

Loan production volume for the fourth quarter of 2004 was a record \$2.0 billion, compared to \$1.7 billion for the comparable 2003 period, an increase of \$299.2 million or 17%. For the year ended December 31, 2004, loan production volume was \$7.8 billion, compared to \$6.5 billion for the corresponding 2003 period, an increase of 20%. The increase reflected the continued high demand for new housing in Puerto Rico and Doral's strong share of the new housing market, especially in the growing government-sponsored affordable housing loan sector. Many of these mortgage products benefit from local tax exemption on the interest earned thereon. The strength of mortgage loan production, helped increase the servicing portfolio to a record \$14.3 billion as of December 31, 2004 from \$12.7 billion as of December 31, 2003.

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~~Non-interest income for the fourth quarter of 2004 increased 26% to \$138.4 million, from \$110.3 million for the fourth quarter of 2003. For the year ended December 31, 2004, Doral Financial's total non-interest income increased 24% to \$510.6 million compared to the same period a year ago. Net gain on mortgage loan sales and fees, the main component of non-interest income, was \$165.8 million for the fourth quarter of 2004 compared to \$116.1 million for the corresponding 2003 period. Net gain on mortgage loan sales and fees was \$598.8 million for the year ended December 31, 2004, compared to \$390.1 million for the corresponding period a year ago. The increase was principally due to increased volume of loan sales as a result of record mortgage loan production. Demand for the Company's mortgage loans has increased to record levels.~~

Investment activities for the fourth quarter of 2004 resulted in a loss of ~~\$3.2~~ million, compared to a loss of \$8.0 million for the fourth quarter of 2003. Loss on investment activities during the fourth quarter of 2004 was principally due to an impairment on the value of the Company's interest-only strips (IOs) of ~~\$3.2~~ million as a result of ~~an increase in short-term interest rates during the quarter, evidenced by a 55 basis points increase in the 3-month London Interbank Offered Rate ("LIBOR").~~ *An increase* The Company recorded impairment charges on the value of its IOs of \$70.8 million for the year ended December 31, 2004, compared to a positive valuation adjustment of \$7.3 million for the corresponding 2003 period. Investment activities resulted in a loss of \$129.8 million for the year ended December 31, 2004, compared to a gain of \$11.0 million for the respective 2003 period. The loss on investment activities experienced during 2004 ~~was principally attributable to derivatives undertaken for interest rate management purposes.~~ *also included* The Company's interest rate risk management is designed to protect the value of the Company's assets and income from substantial increases in ~~short and~~ long-term interest rates.

Net servicing loss for the quarter ended December 31, 2004 was approximately \$379,000 compared to a loss of \$3.6 million for the fourth quarter of 2003. For the year ended December 31, 2004, net servicing income was \$4.9 million compared to a loss of \$15.1 million for the corresponding period of 2003. The increase in net servicing income for the quarter and year ended December 31, 2004, was due to reduced amortization and impairment charges resulting from lower prepayments. The Company recorded amortization and impairment

which reduced the spread of the Company's variable rate IOs. The impact of the decrease in LIBOR was partially offset by the higher prepayments on the IOs.

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~~* By taking advantage of the income tax benefits, the Company decided to do the valuation of its interest-only strips (IOS) by anticipating increases in LIBOR rates before such increases are contractually required. This valuation allows the Company to be more conservative in its interest rate assumptions in a higher interest rate scenario.~~

↙ If contrary to what is generally expected, LIBOR rates decreases, some ~~or a substantial~~ amount of the impairment charges on the value of the IO's could then be recovered.

HF Mortgage Bankers • Doral Mortgage Corporation • Doral Bank • Doral Bank, FSB, NY
Doral Securities • Centro Hipotecario • Sana Investment Mortgage Bankers • Doral Insurance Agency, Inc.

Doral Bank, New York also continued its steady growth. As of December 31, 2004, Doral Bank NY had assets of \$562.5 million and deposits of \$385.6 million, an increase of 11% and 16%, respectively, compared to December 31, 2003.

Mr. Salomón Levis, Chairman of the Board and Chief Executive Officer, called the financial results for 2004 "truly outstanding, with the Company achieving the following milestones during the year:

- Record Loan Production of \$7.8 billion, up 20% for the year
- Record Earnings of ~~\$469.8~~ million, ~~excluding the income tax benefit~~, an increase of ~~48%~~ over 2003
- Record Consolidated Bank Assets of \$11.7 billion and Consolidated Deposits of \$3.6 billion at year end, up 63% and 23% for the year, respectively
- Record Capital of ²\$2.0 billion, up 25% for the year, a Tier-One Capital ratio close to 20%, one of the highest in the financial industry
- Record Loan Servicing Portfolio of \$14.3 billion, up 12% for the year
- Record Consolidated Assets of \$15.2 billion at year end, up 46% for the year
- Record ROA of ~~3.09%~~ and ROE of ~~3.09%~~ for the year, ~~excluding the income tax benefit~~
- Record Efficiency Ratio of 23.1% for the year, one of the best among all banking or financial holding companies in the U.S.
- Increased dividend rate on our common stock which was increased twice during the year
- Record all time high for the price of Doral's common stock, up 53% for the year and 3,754% for the last 10 years, compared to an increase of 11% and 281% corresponding to the same periods for the S&P 500 Bank Index

For the year 2005, we anticipate the following highlights:

- A significant increase in tax-exempt AAA rated Mortgage-Backed Securities and U.S. Treasuries with the resulting increase in tax-exempt interest income, as a result of deploying our strong capital and cash positions

- Another year of strong residential mortgage loan production and a strong increase in secured real estate commercial loans and other loan products at the Company's two banking entities
- Continued strong demand of new housing loans including the growing government-sponsored affordable housing loans, most of which enjoy tax-exempt interest rates
- Continued strong production of refinancing loans for debt consolidation purposes which are highly profitable for the Company
- Continued strength from the Company's banking operations
- Increased commissions and profitability from our insurance agency business
- Maintenance of an effective asset/liability management program."

Mr. Levis closed by stating: "Even with the anticipation of higher interest rates, we remain optimistic that 2005 will be another ~~strong~~ year for the Company. We are committed to working hard and to deliver to our shareholders enhanced value on a consistent basis."

Doral Financial's Chief Executive Officer and its Senior Executive Vice President and Treasurer are available to answer appropriate questions regarding earnings results as well as other corporate matters at any time convenient to interested participants. You are welcome to call.

FORWARD LOOKING STATEMENTS

This press release contains certain "forward-looking statements" concerning the Company's economic future performance. The words or phrases "expect," "anticipate," "project," "look forward," "should" and similar expressions are meant to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made, and to advise readers that various factors, including regional and national economic conditions, changes in interest rates, competitive and regulatory factors and legislative changes, could affect the Company's financial performance and could cause the Company's actual results for future periods to differ materially from those anticipated or projected.

The Company does not undertake, and specifically disclaims any obligation, to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements.

Doral Financial Corporation

Selected Financial Data
(Dollars in Thousands, except Per Share Data)
(NYSE:DRL)
(Unaudited)

Operational Data	Quarter Ended		Year Ended	
	December 31,		December 31,	
	2004	2003	2004	2003
Loan Production	\$ 2,030,434	\$ 1,731,269	\$ 1,985,515	\$ 7,802,694
				\$ 6,478,802
Loan Servicing Portfolio	As of		December 31,	
	December 31,		September 30,	
	2004	2003	2004	2003
Loan Servicing Portfolio	\$ 14,264,637	\$ 13,873,789	\$ 12,690,244	
Asset Quality Data	Quarter Ended		Year Ended	
	December 31,		December 31,	
	2004	2003	2004	2003
Allowance for loan losses	\$ 27,401	\$ 28,211	\$ 28,575	\$ 27,401
Net charge-offs	\$ 866	\$ 785	\$ 1,138	\$ 4,051
				\$ 4,267
Financial Ratios	Quarter Ended		Year Ended	
	December 31,		September 30,	
	2004	2003	2004	2003
Return on average assets, excluding the income tax benefit	3.50%	3.70%	3.66%	3.69%
Return on average common equity, excluding the income tax benefit	36.75%	34.32%	37.47%	36.86%
Efficiency ratio	23.95%	26.78%	21.56%	23.07%
				31.91%
Per Share Data	Quarter Ended		Year Ended	
	December 31,		December 31,	
	2004	2003	2004	2003
Book Value Per Common Share	\$ 13.10	\$ 9.45	\$ 11.88	\$ 13.10
Cash Dividends Per Common Share	\$ 0.18	\$ 0.12	\$ 0.15	\$ 0.60
Common stock dividend payout ratio	13.53%	15.79%	15.48%	14.78%
				14.81%

(continues)